

2014 Annual Report Pharmaceutical Assistance to the Aged and Disabled Program

Program Description

The Pharmaceutical Assistance to the Aged and Disabled (PAAD) program is a state-funded program that helps income-eligible New Jersey seniors and disabled persons with the cost of prescribed medication, including insulin, insulin needles, and needles for injectable medicines used for the treatment of multiple sclerosis. It began in 1975 as the first program of its kind in the nation. It is the payer of last resort and, as such, coordinates with Medicare Part D and other prescription drug plans providing creditable coverage. Beneficiaries pay a \$5 co-payment for generic drugs and a \$7 co-payment for brand name drugs. All PAAD participants, if they are eligible for Medicare Part A or are enrolled in Medicare Part B, must enroll in a Medicare Part D prescription drug plan. All PAAD applicants must submit information to PAAD to help determine if they may be eligible for a Medicare Part D low-income subsidy. PAAD pays the monthly Medicare Part D premiums for PAAD participants as well as all Part D wrap-around expenses (deductibles, co-insurance, “donut hole” costs) and any Part D late enrollment penalties.

The PAAD eligibility income limit is less than \$26,130 if single and less than \$32,037 if married.

No revisions to PAAD have been recommended at this time.

Quick Facts

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| State Fiscal Year 2014 Appropriation | \$87,880,000 |
| State Fiscal Year 2014 Rebates | \$39,200,000 |
| State Fiscal Year 2014 Enrollees/Participants | 124,034 |
| Medicare Part D Benchmark Premium Amount Calendar Year 2014 | \$37.10 per month |
| PAAD Participants Enrolled in Medicare Part D | 115,684 |
| PAAD Participants Enrolled in Part D Low-Income Subsidy | 46,844 |
| PAAD Participants Not Eligible for Part D (No Medicare Part A or B) | 1,483 |
| PAAD Participants with Employer Plans (equal to or better than Part D) | 3,293 |
| Average Annual Benefit (Medicare Part D Low-Income Subsidy [LIS] and non-LIS) | \$863 |

Claims

| State Fiscal Year | Generic | Brand with Generic Equivalent | Single Source Brand |
|-------------------|---------|-------------------------------|---------------------|
| 2013 | 74.5% | 3.1% | 21.6% |
| 2012 | 67.6% | 2.8% | 28.8% |

(Not all generic usage is reflected because claims of less than \$5 where the primary payer is not PAAD are not sent to PAAD. It is likely that Part D plans have encouraged beneficiaries to use generic drugs, which are almost always on Part D plan formularies.)

Budget

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| State Fiscal Year 2013 PAAD Expenditures | \$117,741,792 |
| State Fiscal Year 2012 PAAD Expenditures | \$137,023,390 |